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SUBJECT: BASRA: TWO AMERICAN FIRMS TO HELP BUILD MASSIVE "SPORTS CITY" COMPLEX

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11. (U) Summary: According to local officials and media reports, the Government of Iraq (GOI) has selected two U.S. firms to design and provide engineering services for a massive new sports complex in Basra. The site is planned to be completed in preparation for the Basra-hosted 2013 Gulf Cup, an Olympic-style soccer competition among Arab Gulf states. U.S.-based 360 Architecture and Newport Global Project Management have formed a joint venture with Abdullah Al-Jiburi Contracting Company, one of Iraq's largest contractors, to build the project. The first phase, to cost around \$580 million, includes a 60,000-seat stadium and 10,000-seat practice facility and four practice fields. A second phase, to start after the Gulf Cup, calls for midsize arenas for basketball, volleyball and gymnastics, as well as athletic housing, restaurants, and a retail space, which could push the total cost to \$1 billion. Iraq's Ministry of Youth and Sport is administering the project, with groundbreaking set for mid-July. Despite the GOI's current budgetary pressure, officials indicate that the deal will go forward and the money is allocated. If the project moves forward, it could help unify a soccer loving nation with a resurgent national team, infuse hundreds of millions of dollars into the local economy, and provide a substantial amount of much needed local employment. End summary.

Preparing to host the 2013 Gulf Coast

12. (U) A driving force for the project - and one that might encourage timely completion - is the fact that Basra will host the 2013 Gulf Cup of Nations (also known as Khaleeji) soccer tournament. Local officials told PRT EconOff that the stadium must be completed by around March 2012, to prepare for the event. Held every two years, the tournament includes the eight Arab nations in the Persian Gulf (Gulf of Arabia) region: Iraq, Yemen, Oman, Saudi Arabia, Qatar, Kuwait, UAE and Bahrain.

A "mini Olympic village"

13. (SBU) The project's \$580 million first phase includes a 60,000-65,000 seat stadium, a smaller 25,000-seat facility, four 5,000-seat soccer fields, athlete housing, and 10,000 parking spaces. A second phase, to include midsize arenas for basketball, volleyball and gymnastics; restaurants, a premier hotel, retail space; and healthcare, media, cultural and administrative facilities, could push the price tag to \$1 billion. According to Ihsan Abdul Jabbar of the Basra Investment Commission, it will be sort of a "mini Olympic village," the largest specialized sports city Iraq has ever had, and the best such sports complex in the Middle East.

¶4. (SBU) Abdul Jabbar said that the GOI had set aside some 360 acres on a clear site on the outskirts of Basra city, close to the nearby suburb of Az Zubayr. He also said that a second tranche of land, of some 240 acres, has been set aside for future strictly commercial development of hotels, restaurants and shops. According to former Governor Wa'eli, who was deeply involved with the tender, the site's location, relatively close to the Iraq-Kuwait border, will make it easier for Gulf neighbors to travel to Basra. Local contacts often recall a not-so-distant past (1970s-1980s) when Basra, Iraq's second city, was a popular resort and "fun city" not unlike Dubai today, and express the hope that the city might regain such a status.

Bidding process

¶5. (U) According to press reports, the idea for such a complex began in 2007, at the last Gulf Cup, held in Abu Dhabi. The idea of Basra hosting the 2013 tournament was proposed, and the idea of Iraq regaining as it were, its position among its Arabian Gulf neighbors, was positively received, and the proposal was approved.

¶6. (SBU) These same sources indicate that some 50 companies initially expressed interest in competing to design and build the multiple-venue complex. By early 2009, the GOI had narrowed the list to seven finalists, from the United States, United Kingdom, China, France, Kuwait, Russia and Turkey. (According to Ihsan Jabbar, the Ministry of Youth and Sports pressed evaluators to choose the Turkish company.) A top-level committee headed by the Youth and Sports Minister and a group of Ministry experts, university professors, sports specialists, and heritage experts made the final decision. 360 Architecture and Newport Global Project Management (NGPM) formed a joint venture

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with Abdullah Al-Jiburi Contracting Company, Iraq's largest general contractor. According to Abdul Jabbar, Al-Jiburi is a billionaire Iraqi national who lives mostly in Jordan and Abu Dhabi. Construction, to be completed in 32 months, will also include the rehabilitation of the old Basra stadium. Design and engineering will be done by 360 Architecture and NGPM, respectively, and construction by Al-Jiburi and Iraqi workers. Ihsan Jabbar said that former Governor Wa'eli said that U.S. companies "do better work" than Turkish or Iraq companies, and was impressed by 360 Architecture. He was also intrigued by the notion of reconciling Iraq again with its neighbors through hosting the Gulf Cup.

A central government priority

¶7. (SBU) Despite the decline in oil revenue and a squeezing of GOI finances, local officials have told PRT EconOffs that the deal will go forward and the money is assured. According to Basra Central Bank branch president Zuhair Ali Akbair and regional Iraqi Trade Bank president Dawood Sekran Hassan, the project is "100 percent GOI financed," under a "special Council of Ministers" budget allocation via the Ministry of Youth and Sports. Ihsan Jabbar said that this project had been made a priority by PM Maliki and former Governor Wa'eli.

¶8. (SBU) The site is also not far from one of Basra's more notorious slums, Hyanniyah, seen by some as a potential Sadrist breeding ground for violence. GOI and local officials also expect that the complex, projected to employ some 1200 people of all skills levels, will help with the chronic high unemployment, particularly among the at-risk young male population.

While the usual questions - security, financing - linger

¶9. (SBU) GOI officials have so far expressed unqualified confidence that the project can and will go forward. While we hope this is true, concerns linger. In the current relatively low oil price climate and squeezed GOI finances, it is fair to ask just how much of the \$580 million to one billion dollar price tag the GOI will be able to come up with. (According to press reports, the joint venture contract terms call for a 20 percent upfront from the Ministry of Youth and Sports.) Another critical factor determining the projects' success will be the security situation.

Comment

¶10. (SBU) If the project goes forward, it could be one more small but important sign of progress. Aside from infusing hundreds of millions of dollars into the local economy, the project could also employ just the kind of people -- poor, young and male -- that need to be productively employed and kept out of trouble. More broadly, "Sports City" might help Iraq remain a sense of "normalcy" among its neighbors. Perhaps most importantly however, soccer is one of the few things the unite Iraqis - Shia, Sunni, Kurd or Christian, and from north to south.
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